Consumer Confidence Survey

R4105-4

- *Business*
- *Employment*
- *Income*
- *Inflation*
- *Interest Rates*
- *Stock Prices*

February 1990

CONSUMERS LESS CONFIDENT, AGAIN

The measure of Consumer Confidence was down in January. The loss was relatively large and represented the third consecutive month of decline. The current Index (1985 = 100) reading is 105.1, down some eight points from December. Over the past three months, this series has retreated by a total of twelve points. The level of confidence is now lower than it has been since November 1987, following the stock market crash. Compared to the preceding probe, people are now both less comfortable with the ongoing situation and less optimistic in their expectations for the next six months. Buying plans have not changed very much.

In January 23% of all survey respondents said business conditions were good, 18.5% said that they were bad. Both these figures are less favorable than those recorded a month earlier. Concerning the present availability of jobs, the figures continue to edge down. Last summer, one in three respondents said jobs were "plentiful," now the figure is only about one in four.

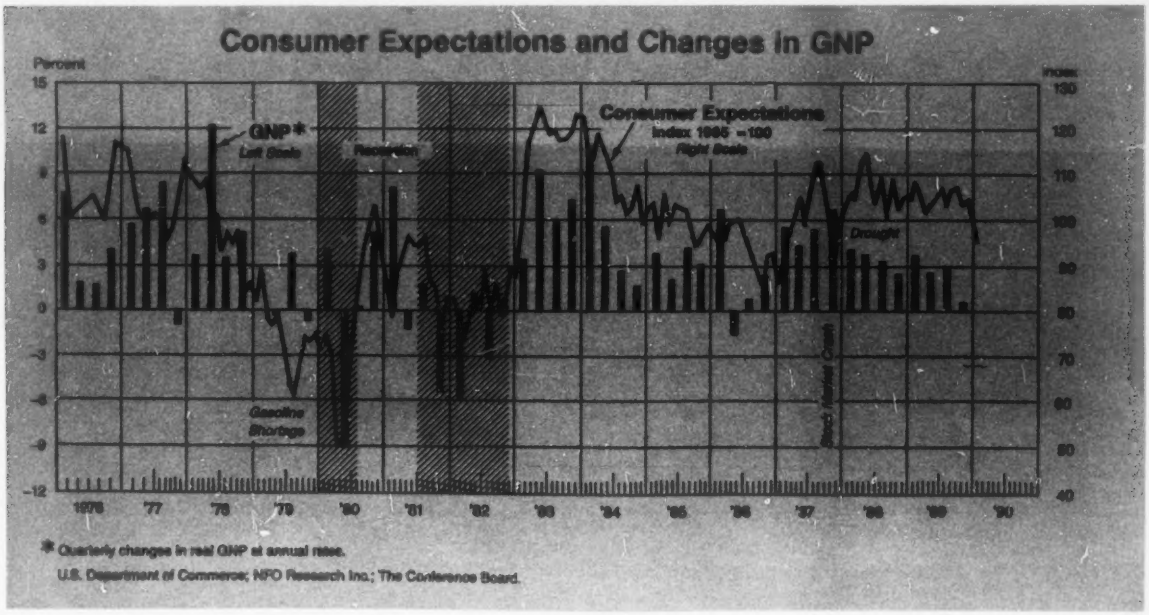
There has been a relatively large drop in the public's expectations. Fewer people than a month earlier expect business conditions to improve over the next six months, and a larger number than previously believe that they will worsen. Similarly, more people now fear that there will be fewer jobs, and fewer people expect that there will be more jobs. Also, fewer survey respondents than last time expect their families' incomes to increase in the period ahead.

Buying plans remain indecisive. Intentions to buy a car are off fractionally—from 7.1% in December to 6.9% in January. There has been little change in the number that expect to purchase a home. Interest in securing a major appliance remains fairly strong.

Contributing to the consumer's growing uneasiness is increased insecurity about job prospects. On the issue of the employment outlook, pessimists now outnumber optimists. The last time this was recorded was immediately after the 1987 market crash. People have also grown somewhat more uneasy about inflation. Over the past six months or so, consumers had been expecting an annual inflation rate of about 4.7%, but in January the figure jumped abruptly to 5.3%.

While consumer confidence is down, the present level, assessed in the history of this survey program, does not yet signal recession in the months ahead. Still, both the size of the decline and the fact that there have been three consecutive monthly losses must be regarded as a possible, but not yet unmistakable, indication of economic troubles ahead.

Fabian Linden



Confidence and Buying Plans

Based on surveys conducted by NFO Research, Inc.
Percentage of all households = 100%

Business **Employment** **Income**

All series seasonally adjusted	1989 *Jan.*	*Feb.*	*Mar.*	*Apr.*	*May*	*June*	*July*	*Aug.*	*Sep.*	*Oct.*	*Nov.*	*Dec.(r)*	1990 *Jan(p)*
Composite Series: Index Numbers, 1985 = 100													
Consumer Confidence Index	115.8	120.7	117.4	116.6	116.7	117.2	120.4	115.4	116.3	117.0	115.1	113.0	105.1
Present Situation	133.4	139.2	136.2	138.9	137.2	135.5	141.1	133.0	131.7	133.0	132.3	125.9	120.3
Expectations	104.1	108.3	104.9	101.8	103.0	105.1	106.6	103.7	106.1	106.4	103.7	104.4	94.9
Appraisal of Present Situation: Percent													
Business Conditions													
Good	29.1	30.6	28.4	28.9	30.1	28.3	31.6	27.5	27.1	28.0	26.2	25.1	22.9
Bad	18.2	16.9	16.1	16.4	16.5	17.2	15.5	17.4	16.9	16.9	15.2	17.3	18.5
Normal	52.7	52.5	55.5	54.7	53.4	54.5	52.9	55.1	56.0	55.1	58.6	57.6	58.6
Employment													
Jobs plentiful	33.0	34.3	32.8	34.5	34.1	33.2	33.1	31.6	30.4	30.4	29.6	27.0	26.7
Jobs not so plentiful	45.8	45.8	46.7	45.7	44.8	46.4	47.6	48.1	48.9	49.4	49.7	52.4	51.5
Jobs hard to get	21.2	19.9	20.5	19.8	21.1	20.4	19.3	20.3	20.7	20.2	20.7	20.6	21.8
Expectations for Six Months Hence: Percent													
Business Conditions													
Better	17.7	20.9	17.9	17.3	20.7	20.1	18.8	18.3	18.3	19.5	17.6	18.3	16.2
Worse	7.7	7.3	8.0	8.8	8.9	8.7	8.4	8.3	7.5	7.9	8.3	8.1	10.1
Same	74.6	71.8	74.1	73.9	70.4	71.2	72.8	73.4	74.2	72.6	74.1	73.6	73.7
Employment													
More jobs	17.1	17.0	15.9	15.4	18.9	17.9	18.6	17.2	17.4	17.3	16.1	16.6	14.1
Fewer jobs	14.5	12.8	12.7	13.1	15.6	14.2	13.2	14.3	13.8	13.7	14.0	14.9	16.9
Same	68.4	70.2	71.4	71.5	65.5	67.9	68.2	68.5	68.8	69.0	69.9	68.5	69.0
Income													
Increase	25.6	26.3	25.2	25.8	26.5	27.0	27.3	26.1	28.5	27.7	29.3	30.2	28.2
Decrease	6.2	6.3	6.1	7.0	8.1	6.7	6.8	6.6	6.6	6.3	6.3	5.9	6.4
Same	68.2	67.4	68.7	67.2	65.4	66.3	65.9	67.3	64.9	66.0	64.4	63.9	65.4
Plans to Buy Within Six Months: Percent													
Automobile													
Yes	7.3	7.9	7.1	7.3	8.5	6.7	7.1	7.4	8.1	6.7	6.9	7.1	6.9
New	3.5	3.8	4.0	4.0	4.0	3.6	3.6	4.2	3.6	3.7	3.2	3.3	4.1
Used	2.9	3.2	2.7	2.7	3.2	2.5	2.4	2.6	3.3	2.2	2.9	2.8	2.3
Uncertain	0.9	0.9	0.4	0.6	1.3	0.6	1.1	0.6	1.2	0.8	0.8	1.0	0.5
Home													
Yes	3.0	2.9	3.1	3.2	3.4	3.3	3.7	3.5	3.1	3.3	3.0	3.3	3.4
New	0.6	1.0	0.7	1.0	0.9	0.6	1.1	1.1	0.9	1.0	1.1	0.8	0.9
Lived in	1.2	1.2	1.5	1.5	1.4	1.8	1.8	1.6	1.4	1.4	1.5	1.7	1.7
Uncertain	1.2	0.7	0.9	0.7	1.1	0.9	0.8	0.8	0.8	0.9	0.4	0.8	0.8
Major appliances													
Total plans	28.0	26.2	28.4	31.6	27.4	26.8	30.5	28.3	27.4	31.1	25.7	28.8	30.0
Refrigerator	5.4	4.9	4.3	5.4	4.5	4.6	4.4	4.0	4.1	4.7	3.8	4.1	5.1
Washing machine	3.7	3.2	4.2	4.2	3.1	3.4	4.5	3.9	3.5	4.8	3.7	4.4	3.9
TV Set	5.7	5.8	6.4	7.0	6.8	5.3	8.0	6.9	6.6	7.5	6.2	7.9	6.6
Vacuum Cleaner	4.3	4.2	4.9	4.7	5.2	5.0	4.8	5.8	4.7	4.9	4.6	5.0	5.3
Range	3.0	2.6	2.5	3.5	2.8	2.5	3.3	2.5	2.4	3.3	2.8	2.3	3.2
Clothes dryer	3.0	2.9	4.0	3.8	2.6	3.7	3.3	3.3	2.8	3.9	3.1	3.4	3.3
Air conditioner	2.9	2.6	2.1	3.0	2.4	2.3	2.2	1.9	3.3	2.0	1.5	1.7	2.6
Carpet	6.8	5.4	6.3	6.7	6.7	5.9	7.6	6.9	6.0	6.9	5.8	6.4	6.1
Vacation Intended Within Six Months: Percent													
Vacation Intended		45.3		46.8		45.7		50.2		49.0		52.4	
Destination													
U.S.		41.1		38.6		40.8		42.8		41.8		44.4	
Foreign country		8.8		8.1		8.4		9.4		8.6		9.5	
Means of travel													
Automobile		27.0		26.8		27.7		30.1		28.9		29.6	
Airplane		19.0		17.0		18.4		18.8		18.0		19.7	
Other		4.4		4.1		4.5		4.0		4.2		4.9	

(p)—preliminary (r)—revised

ATTENTION DATA USERS: Data in this publication are available online. For information, phone (212) 759-0900 Ext. 216.

Inflation **Interest Rates** **Stock Prices**

Not seasonally adjusted	1989 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.(r)	1990 Jan.(p)
Expectations for Twelve Months Hence: Percent													
Inflation Rate													
Average	4.6	4.8	4.8	5.1	4.9	4.7	4.8	4.7	4.7	4.8	4.7	4.7	5.3
Interest Rates													
Higher	73.7	71.8	79.9	76.4	69.9	57.3	52.4	44.9	52.4	56.0	52.1	49.0	46.4
Same	18.4	18.8	13.6	14.8	17.6	21.5	21.6	25.1	26.4	25.6	27.7	25.9	24.4
Lower	7.9	9.4	6.5	8.8	13.5	21.2	26.0	30.0	21.2	18.4	20.2	25.1	29.2
Stock Prices													
Increase	42.3	44.9	39.5	39.9	42.7	44.0	41.0	41.8	46.0	45.0	38.0	42.2	41.8
Same	34.7	33.5	34.3	35.9	33.3	34.6	34.9	34.7	32.7	33.3	36.9	34.9	35.0
Decrease	23.0	21.6	26.2	24.2	24.0	21.4	24.1	23.5	21.3	21.7	25.1	22.9	23.2

CONSUMER CONFIDENCE BY REGION

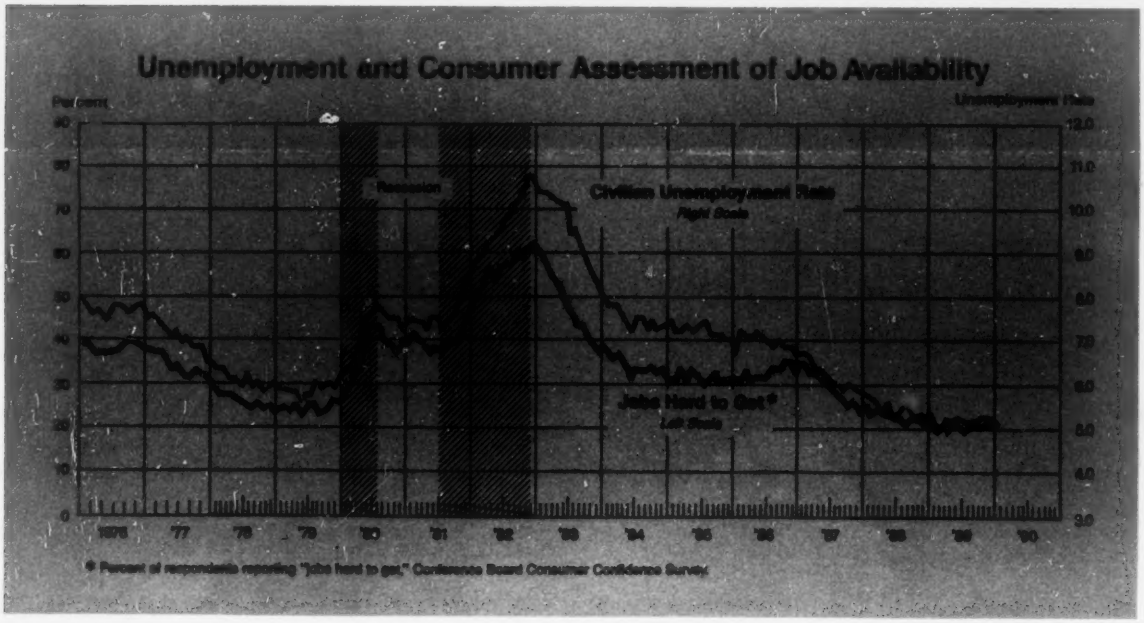
Seasonally unadjusted Index numbers:1985 = 100	1989 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.(r)	1990 Jan.(p)	AVERAGE: Nov., Dec., Jan. 1989	1990	Percent Change*
NEW ENGLAND																
Consumer Confidence Index	135.5	149.5	144.2	138.5	129.7	118.3	123.4	113.7	117.5	116.3	92.7	92.9	72.0	140.1	85.9	-38.7
Present Situation	189.5	203.7	199.5	198.3	189.4	180.0	183.9	170.0	176.7	168.2	129.8	130.3	97.9	197.7	119.3	-39.6
Expectations	99.5	113.4	107.3	98.7	89.9	77.2	83.2	76.2	78.1	81.8	67.9	68.0	54.7	101.7	63.5	-37.5
MIDDLE ATLANTIC																
Consumer Confidence Index	122.1	124.9	117.3	117.8	112.6	122.1	116.1	114.5	120.8	119.2	120.9	113.3	106.5	120.2	113.6	- 5.6
Present Situation	147.1	153.4	142.6	150.7	137.8	155.9	150.1	144.5	149.8	151.1	151.9	144.2	127.0	151.4	141.0	- 6.9
Expectations	105.4	105.8	100.4	95.9	95.8	99.5	93.4	94.5	101.5	98.0	100.2	92.8	92.8	99.4	95.3	- 4.2
EAST NORTH CENTRAL																
Consumer Confidence Index	114.9	121.9	113.8	113.9	114.9	115.3	118.2	114.1	118.0	121.2	114.3	113.8	104.3	115.2	110.8	- 3.8
Present Situation	131.1	135.9	130.2	132.9	137.4	137.1	144.0	140.6	142.2	147.6	139.3	130.6	120.8	138.5	130.2	- 6.0
Expectations	104.2	112.6	102.9	101.2	100.0	100.8	101.0	96.4	101.9	103.6	97.6	102.7	93.3	99.6	97.9	- 1.8
WEST NORTH CENTRAL																
Consumer Confidence Index	98.9	100.3	102.2	89.4	80.4	84.5	97.7	93.7	91.6	113.0	112.5	103.0	94.6	93.6	103.3	10.4
Present Situation	106.1	91.6	99.9	101.0	94.2	95.5	118.5	101.1	110.9	131.1	122.9	122.1	104.7	102.4	116.6	13.8
Expectations	94.2	106.1	103.8	81.7	71.2	77.1	83.9	88.8	78.8	101.0	105.5	90.3	87.8	87.8	94.5	7.7
SOUTH ATLANTIC																
Consumer Confidence Index	131.7	134.5	137.0	134.0	133.7	140.1	141.6	136.9	136.5	140.2	140.3	124.9	123.8	134.8	129.6	- 3.8
Present Situation	167.5	167.0	170.7	171.9	165.3	172.8	178.2	170.6	166.6	174.1	174.8	157.3	147.2	171.1	159.7	- 6.7
Expectations	107.8	112.9	114.6	108.8	112.6	118.4	117.2	114.5	116.5	117.6	117.3	103.3	108.2	110.5	109.6	- 0.9
EAST SOUTH CENTRAL																
Consumer Confidence Index	107.2	108.5	111.6	88.9	106.5	100.1	103.7	88.8	101.0	101.9	104.6	99.5	88.5	101.2	97.5	- 3.7
Present Situation	96.2	89.7	100.2	92.2	114.4	94.8	95.2	82.1	100.2	102.6	99.0	90.0	78.6	101.0	89.2	-11.7
Expectations	114.6	121.1	119.2	86.7	101.2	103.6	109.5	93.3	101.6	101.4	108.3	105.8	95.1	101.3	103.0	1.7
WEST SOUTH CENTRAL																
Consumer Confidence Index	84.6	83.8	77.0	82.6	77.4	79.0	88.9	78.4	85.9	87.5	79.7	87.5	83.5	77.2	83.5	8.2
Present Situation	30.1	35.2	30.3	38.8	44.2	46.0	59.9	41.8	45.8	47.5	54.6	48.4	43.2	30.7	48.7	58.8
Expectations	120.9	116.2	108.2	111.8	99.5	100.9	107.5	102.9	112.7	114.2	96.4	113.5	110.3	108.2	106.8	- 1.4
MOUNTAIN																
Consumer Confidence Index	76.5	86.7	100.6	92.6	90.5	91.7	82.5	85.6	98.2	94.0	98.2	89.7	85.7	91.4	91.2	- 0.3
Present Situation	50.0	43.7	80.4	77.3	75.1	70.6	68.1	71.2	87.7	70.4	74.7	58.1	53.5	69.1	62.1	-10.2
Expectations	94.1	115.4	114.2	102.8	100.8	105.8	92.1	95.3	105.3	109.8	113.9	110.8	107.2	106.3	110.6	4.0
PACIFIC																
Consumer Confidence Index	128.2	138.2	130.0	131.3	134.9	134.6	135.3	133.5	135.6	142.7	134.5	132.3	132.2	131.8	133.0	0.9
Present Situation	157.5	164.0	157.6	165.5	173.2	171.3	171.3	170.3	173.7	178.1	167.3	169.9	166.3	165.9	167.8	1.2
Expectations	108.6	121.1	111.6	108.5	109.4	110.1	111.3	109.0	110.2	119.1	112.7	107.3	109.5	109.2	109.8	0.6

***Percent Change**: Average of last three months shown as compared with same period year ago. Regional data are not adjusted for seasonal variations.

CONSUMER CONFIDENCE BY AGE AND INCOME CLASS

Seasonally adjusted index numbers 1985 = 100	1989 Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec (r)	1990 Jan (p)	3 mos Percent Change*
TOTAL U.S.														
Consumer Confidence Index	15.8	120.7	117.4	116.6	116.7	117.2	120.4	115.4	116.3	117.0	115.1	113.0	105.1	- 4.4
Present Situation	133.4	139.2	136.2	138.9	137.2	135.5	141.1	133.0	131.7	133.0	132.3	125.9	120.3	- 4.8
Expectations	104.1	108.3	104.9	101.8	103.0	105.1	106.6	103.7	106.1	106.4	103.7	104.4	94.9	- 4.2
AGE OF HOUSEHOLD HEAD														
Consumer Confidence Index														
Under 35	119.3	124.3	122.3	120.5	124.2	126.8	128.9	126.7	123.0	125.9	127.2	121.2	115.0	- 3.2
35-54	117.0	122.6	118.8	121.1	115.9	122.8	121.7	119.8	115.2	115.1	115.5	112.5	103.9	- 5.2
55 and over	109.1	113.6	109.5	106.9	110.4	102.6	111.9	100.8	109.1	109.0	103.7	105.3	95.7	- 4.4
Present Situation														
Under 35	133.5	143.6	138.1	144.3	136.3	145.6	146.3	143.7	141.3	142.6	144.7	130.4	128.2	- 5.7
35-54	134.8	139.1	137.5	143.6	141.9	142.7	142.2	138.0	125.7	131.9	133.3	126.5	121.2	- 3.7
55 and over	131.8	136.6	133.6	131.8	132.9	122.7	137.2	121.2	131.7	126.5	121.4	122.1	113.7	- 5.9
Expectations														
Under 35	109.7	111.4	111.7	104.6	116.2	114.4	117.4	115.4	110.8	114.8	115.6	115.2	106.0	- 1.2
35-54	105.1	111.3	106.3	106.2	98.5	109.6	108.0	107.8	108.5	103.9	103.7	103.1	92.4	- 6.5
55 and over	94.2	98.6	93.8	90.5	95.4	89.1	94.9	87.1	93.9	97.4	92.0	94.0	83.9	- 3.1
HOUSEHOLD INCOME														
Consumer Confidence Index														
Under $15,000	94.0	92.2	94.1	94.0	87.1	90.3	88.9	89.6	82.3	87.9	84.7	89.4	78.2	- 2.9
$15,000-24,999	105.2	120.6	107.6	114.3	113.0	109.0	121.7	113.5	113.0	107.5	113.4	106.6	97.8	- 4.8
$25,000 and over	129.6	134.5	131.4	128.2	131.5	132.1	133.8	127.3	130.2	129.9	127.3	124.3	117.5	- 4.8
Present Situation														
Under $15,000	90.0	88.2	94.8	99.4	88.5	90.7	94.8	92.0	84.4	86.2	84.2	86.5	68.9	- 8.7
$15,000-24,999	109.5	137.2	112.4	127.0	131.0	125.1	135.3	126.6	119.2	114.1	124.7	110.4	108.8	- 4.4
$25,000 and over	162.3	164.9	164.0	163.2	162.5	159.7	163.5	154.2	154.7	155.3	153.8	147.1	144.1	- 4.1
Expectations														
Under $15,000	96.1	93.8	92.9	90.2	86.2	90.4	85.1	88.2	81.3	89.4	85.2	91.8	83.5	0.6
$15,000-24,999	102.0	109.4	103.7	105.7	101.0	98.3	112.8	104.9	109.3	103.1	106.0	104.4	90.3	- 5.2
$25,000 and over	108.4	114.8	110.3	105.2	110.9	113.7	113.8	109.3	113.8	112.9	109.6	108.7	100.0	- 5.2

***Percent Change: Average of last three months shown as compared with preceding three months. Age and income data have been adjusted for seasonal variations.**


Unemployment and Consumer Assessment of Job Availability
Percent
Unemployment Rate
Recession
Civilian Unemployment Rate
Right Scale
Jobs Hard to Get*
Left Scale
* Percent of respondents reporting "jobs hard to get," Conference Board Consumer Confidence Survey

Consumer Research Center
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